

March 23, 1981

LB 40

and we need decorum in the House. Senator Newell, do you wish to speak?

SENATOR NEWELL: Mr. President, members of the body, I rise to support LB 40 and I would like to speak briefly about the need for this legislation and for the amendments that the committee adopted. I guess I am somewhat surprised by some of the speeches that I have just heard, surprised for a number of reasons. Some of it is very difficult for me to understand and I am not at all sure why we had some of the speakers speak the way they did, and I am not going to get into that, but I want to say simply this is that Omaha does indeed have a fiscal problem and some people argue that the mayor came down three years ago and said, "You know, this is a temporary sort of thing". Now frankly, many members of the City Council did not say that it was a temporary sort of thing and the reason they didn't is that they knew that it wasn't a temporary sort of thing. I think that when it was talked about as a temporary sort of thing, I think the reasonable thought was that we might change and ask for an earnings tax which obviously isn't very attractive to those suburban legislators like Senator Fenger and Senator Stoney or Senator Wiitala. We have this proposal and the request that it be made permanent, and this issue, the need is so much greater now than it was before because, frankly, Senator Johnson talks about the need and the burden on our property tax. It is, in fact, higher than in any other area of the state. And Senator Johnson talks about the problems of the property tax and the burdens on the property tax, those are all very true. One of the problems that we haven't discussed is basically Omaha's tax rate and what it gets in terms of state aid. A lot of talk has been about how the \$40 million last year in the new state aid formula in education really benefited Omaha. It was far more beneficial to Bellevue than it was to Omaha, Senator Schmit. It was far more beneficial to Beatrice and Grand Island, Lincoln even, Norfolk, than it was to Omaha. It is a unique thing that somehow everytime a state aid formula gets written for any sort of thing Omaha is the exception to a general rule. Now Omaha has other problems and problems this Legislature has created for Omaha. Basically, we have created this tremendous mechanism for orderly growth what we call the SIDs but because of the existence of the SIDs Omaha does not have the benefit of the growth that takes place in property tax area. We have a net growth, Senator Schmit, in property taxes of .2.6 percent, well below the inflation rate and well below whatever happens in Bellwood. Property taxes are not growing. We have an older and decaying city, as you well know. The inner core has not been as healthy